

PREPARED DIRECT TESTIMONY

OF

AUG 1 12 23 PM '01

GLENN L. DAVIDSON

ON BEHALF OF

CENTRAL ILLINOIS LIGHT COMPANY

DOCKET NO. 01-0403

CHIEF CLERK'S OFFICE

- 1 Q1. Please state your name and business address.
- 2 A1. My name is Glenn L. Davidson, and my business address is 300 Liberty Street,  
3 Peoria, Illinois 61602.
- 4 Q2. By whom are you employed and in what capacity?
- 5 A2. I am employed by Central Illinois Light Company (CILCO) as an accountant in  
6 the Sales and Marketing Business Unit.
- 7 Q3. Please describe your educational background and work experience.
- 8 A3. I was graduated from the University of Illinois in 1977 with a Bachelor of Science  
9 degree in Accounting. I am a Certified Public Accountant. In 1979, I was  
10 employed by the Federal Energy Regulatory Commission where I worked as a  
11 field auditor in the Office of the Chief Accountant. I joined CILCO in November  
12 1989 and worked in General Accounting in the Accounting Department. In  
13 December 1991, CILCO established the Energy Accounting Unit in the  
14 Accounting Department and I became the supervisor of that unit until it was  
15 dissolved in late 1999. At that time to the present, I am an accountant for the  
16 Sales and Marketing Business Unit.
- 17 Q4. What are your responsibilities in your present position with CILCO?
- 18 A4. I am responsible for the preparation and maintenance of the financial accounting  
19 records of the Sales and Marketing Business Unit of CILCO. This includes the  
20 collection of data related to fuel, purchase and interchange power, natural gas  
21 purchases, coal tar, EPA allowances and steam billings and the entry of the data in  
22 the books and records of the Company. Those records are maintained in the usual

23 course of business of the Company in accordance with the rules and regulations of  
24 the Illinois Commerce Commission ("ICC" or "Commission"), the Federal  
25 Energy Regulatory Commission ("FERC") and the Company's own rules.

26 Q5. What is the purpose of your testimony in this proceeding?

27 A5. On May 23, 2001, the Commission issued an Order Commencing Reconciliation  
28 Proceedings requiring CILCO to reconcile Rider EPA revenues collected with  
29 actual costs allowable under the provisions of Rider EPA for the year ended  
30 December 31, 2000. The purpose of my testimony is to present the Rider EPA  
31 reconciliation and evidence in a manner consistent with the Commission's Order.

32 Q6. Have schedules been prepared to which you will be referring in your testimony?

33 A6. Yes. I will sponsor CILCO Exhibits 1.1 and 1.2.

34 Q7. Has the Reconciliation of Rider EPA Charges been certified by the Company's  
35 independent public accountants?

36 A7. Yes. At CILCO's request, Deloitte & Touche LLP has reviewed CILCO's  
37 Reconciliation of Rider EPA Charges through Application of Factor EPA for the  
38 year ended December 31, 2000, and accompanying notes describing the basis of  
39 the presentation set forth in the Statement, and has issued a letter of opinion on  
40 the reconciliation. Arthur Andersen's letter is a part of CILCO Exhibit 1.1.

41 Q8. Was notice of the filing of testimony and schedules in this proceeding published  
42 in newspapers of general circulation in CILCO's service territory in accordance  
43 with the requirements of 83 Ill. Adm. Code 255 for giving notice of filing a  
44 request for a general rate increase?

45 A8. Yes. The notices were published in the Peoria Journal Star, the Pekin Daily  
46 Times, the State Journal-Register in Springfield, the Pantagraph in Bloomington  
47 the Herald & Review in Decatur, the Courier in Lincoln, the News-Gazette in  
48 Champaign, and the Commercial-News in Danville. In combination, these  
49 newspapers are circulated generally throughout CILCO's service area. Copies of

50 these notices and the certificates of publication are contained in CILCO Exhibit  
51 1.2. Notice of the filing of testimony and schedules has also been posted in the  
52 business offices of the Company.

53 Q9 Briefly describe the Company's Rider EPA and its application to sales and  
54 wheeling services.

55 A9. On May 19, 1995, pursuant to Section 9-220.1 of the Public Utilities Act, CILCO  
56 filed Rider EPA with the ICC. Rider EPA is designed to recover the fees paid  
57 under Subsection 18 of Section 39.5 of the Illinois Environmental Protection Act  
58 and carrying costs. Rider EPA became effective July 3, 1995, and is applied to all  
59 billed retail kilowatt-hours in the months of November and December. Charges  
60 under Rider EPA are the actual EPA permit fees for CILCO's Duck Creek Station  
61 and E.D. Edwards Station, FESOP Site fee for Sterling Avenue and the Annual  
62 Air Pollution Control State Site Fee for the Cogen One Plant plus carrying  
63 charges calculated under 83 Ill. Adm. Code 280.70(e)(1) for the period including  
64 the calendar month immediately following the month of payment through the  
65 filing month. The recoverable costs are then divided by the projected retail  
66 kilowatt-hours to be billed in November and December to determine the EPA  
67 charge to be billed to each customer.

68 Q10. Please describe the contents of CILCO Exhibit 1.1.

69 A10. As the Schedule sets forth, it contains the Company's reconciliation of Rider EPA  
70 Fees and Factor Fi to recovery of Rider EPA Charges through application of Rider  
71 EPA for the year ended December 31, 2000. The Schedule contains a title page, a  
72 letter of opinion from Deloitte & Touche LLP, the required reconciliation, and  
73 notes to the reconciliation.

74 Q11. What were the results of the reconciliation of Rider EPA for year ended December  
75 31, 2000?

76 A11. The reconciliation disclosed an underrecovery of \$3,048.94 for the year ended  
77 December 31, 2000. In accordance with Rider EPA, CILCO will combine the  
78 underrecovery of \$3,048.94 for the year ended December 31, 2000 plus any 2000  
79 EPA recoveries and billing adjustments made in 2001 along with the 2001 EPA  
80 permit fees and carrying charges in the next calculation of the Rider EPA Charge  
81 effective for the 2001 months of November and December.

82 Q12. Were there any 2000 Rider EPA recoveries and billing adjustments recorded in  
83 2001 that relate to November and December 2000 billings?

84 A12. Yes, these recoveries in 2001 are a result of late December billing cycles and  
85 adjustments. In January 2001, CILCO recorded an additional \$15,124.21 in 2000  
86 Rider EPA recoveries.

87 Q13. How will this \$15,124.21 be treated in the next Rider EPA Charge calculation?

88 A13. This amount will be added to the \$3,048.94 December 31, 2000 underrecovery to  
89 arrive at a net overrecovery of \$12,075.27 which will be included in CILCO's  
90 next calculation of Rider EPA along with any other recoveries and adjustments  
91 prior to that calculation. According to CILCO's Rider EPA, the next calculation  
92 will be filed with the Commission on or before October 19, 2001, and be effective  
93 for the months of November and December, 2001.

94 Q14. Does this conclude your prepared direct testimony?

95 A14. Yes, it does.

CENTRAL ILLINOIS LIGHT COMPANY

RECONCILIATION OF RIDER EPA CHARGES TO RECOVERY  
OF RIDER EPA CHARGES THROUGH APPLICATION OF FACTOR EPA  
FOR  
THE YEAR ENDED DECEMBER 31, 2000

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**Deloitte  
& Touche**

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Central Illinois Light Company  
Peoria, Illinois

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Central Illinois Light Company (the "Company") for the year ended December 31, 2000, and expect to issue our report thereon dated January 19, 2001. We have also audited the accompanying Statement of Reconciliation of Rider EPA Charges to Recovery of Rider EPA Charges through Application of Factor EPA (the "Statement") of Central Illinois Light Company for the year ended December 31, 2000. The Statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this schedule based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Statement was prepared for the purpose of complying with Central Illinois Light Company's Rider EPA, as filed with the Illinois Commerce Commission.

In our opinion, such Statement presents fairly, in all material respects, the information set forth therein of Central Illinois Light Company for the year ended December 31, 2000, in accordance with Central Illinois Light Company's Rider EPA, as filed with the Illinois Commerce Commission.

This report is intended solely for the information and use of the Central Illinois Light Company and for filing with the Illinois Commerce Commission and is not intended to be and should not be used by anyone other than these specified parties.

*Deloitte & Touche LLP*

January 19, 2001

**Deloitte  
Touche  
Tohmatsu**

# CENTRAL ILLINOIS LIGHT COMPANY

## Reconciliation of Rider EPA Charges to Recovery of Rider EPA Charges through Application of Factor EPA for the Year Ended December 31, 2000

Line No.	Description	Amount
	EPA Fees	
1	2000 Title V Permit Fee - Duck Creek Station (ID 057801AAA)	\$100,000.00
2	2000 Title V Permit Fee - E. D. Edwards Station (ID 143805AAG)	100,000.00
3	2000 FESOP Site Fee - Sterling Avenue Station (ID 143065AMW)	1,386.00
4	2000 Annual Air Pollution Control State Site Fee - Cogen (ID 179060ADB)	2,500.00
5	Amount Held in Refund Account for 1999 EPA Fees	(8,510.08)
	Factor Fi - Interest Associated EPA Fees	
6	2000 Title V Permit Fee - Duck Creek (Paid \$50,000 on July 31, 2000)	687.50
7	2000 Title V Permit Fee - Edwards (Paid \$100,000 on July 25, 2000)	1,375.00
8	2000 FESOP Site Fee - Sterling Avenue Station (Paid \$1,386 on July 18, 2000)	19.06
9	2000 Annual State Site Fee - Cogen Station (Paid \$2,500 on April 16, 2000)	68.75
10	Amount Held in Refund Account for 1999 EPA Fees	(330.08)
	Rider EPA Recoveries	
11	November 2000 Recovery	(107,917.01)
12	December 2000 Recovery	(86,230.20)
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13	Underrecovery at December 31, 2000	\$3,048.94
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See notes to this statement

CENTRAL ILLINOIS LIGHT COMPANY

NOTES TO THE STATEMENT OF RECONCILIATION OF RIDER EPA  
CHARGES TO RECOVERY OF RIDER EPA CHARGES THROUGH  
APPLICATION OF FACTOR EPA FOR THE YEAR ENDED  
DECEMBER 31, 2000

- 1 The "EPA Fees" (Lines 1 through 5 of the Statement) represents the fees paid pursuant to subsection 18 of Section 39.5 of the Illinois Environmental Protection Act (Permitting Fees).
- 2 The "Factor Fi - Interest Associated EPA Fees" (Lines 6 through 10 of the Statement ) represents interest calculated for each EPA permit fee paid. Each interest calculation utilizes the interest rate established by the Illinois Commerce Commission (ICC) under 83 Ill. Adm. Code 280.70(e)(1). The interest calculation period for each fee paid included the calendar month immediately following the month in which the Company paid each fee and all subsequent months up to and including the filing month.
- 3 The "Rider EPA Recoveries" (Lines 11 and 12 of the Statement ) represents the EPA fees and associated Interest (Factor Fi) recovered through the application of Factor EPA, which is calculated for each kilowatt-hour to be billed during the recovery period of November and December and filed with the ICC.
- 4 The "Underrecovery at December 31,2000" (Line 13 of the Statement) represents the amount by which Rider EPA recoveries for the period ended December 31,2000 were less than the EPA fees and associated interest. This underrecovery will be charged to the appropriate customers through application of Factor EPA.



CENTRAL ILLINOIS LIGHT COMPANY

THIS SCHEDULE, WHICH CONTAINS THE CERTIFICATES  
OF PUBLICATION AND THE PUBLISHED NOTICES,  
IS TO BE SUPPLIED